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NSC BRIEFING

NEW SOVIET BUDGET

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- I. Soviet budget for 1959 designed to put USSR's economy in high gear for new Seven-Year Plan (1959-65).
  - A. Revenues and expenditures up 12 percent over 1958.
    1. Average annual rise since 1953--four percent.
  - B. Capital investment up 11 percent against nine in 1958.
    1. Bulk of this increase to be channeled into heavy industries where lags in equipment procurement have slowed completion of new production capacity.
    2. Examples: In ferrous metallurgy, where plan underfulfilled by 12 percent in first nine months of 1958, investment is to go up 32 percent over 1958. In chemical industry, underfulfilled by 22 percent, planned investment up 72 percent.
- II. Industrial production is scheduled to go up in 1959 7.7 percent over 1958. (Planned rate for 1957; seven; for 1958: 7.6.)
  - A. However, in both years plans overfulfilled, reaching approximately 10 percent growth rate, probable that same intended this year.
    1. Average annual rate required by Seven-Year Plan is 8.7.
- III. Explicit defense spending to hold at 96.1 billion rubles, virtually same level as in last three years.
  - A. May be increase, however, hidden in other categories.
  - B. For instance, expenditures on scientific research establishments to go up from 18 billion rubles in 1958 to 27 billion in 1959.